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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

----- x Chapter 11
In re: :
: Case No. 09-50026 (REG)
General Motors Corp., *et al.*, :
: (Jointly Administered)
Debtors. :
: :
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**OBJECTION OF OHIO EDISON COMPANY, THE TOLEDO EDISON
COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY,
AND PENNSYLVANIA POWER COMPANY TO THE MOTION OF THE
DEBTORS FOR ENTRY OF ORDER PURSUANT TO 11 U.S.C. §§ 105(a) AND
366 (I) APPROVING DEBTORS' PROPOSED FORM OF ADEQUATE
ASSURANCE OF PAYMENT, (II) ESTABLISHING PROCEDURES FOR
RESOLVING OBJECTIONS BY UTILITY COMPANIES, AND (III)
PROHIBITING UTILITIES FROM ALTERING, REFUSING, OR
DISCONTINUING SERVICE**

Now come Ohio Edison Company, The Toledo Edison Company, and The
Cleveland Electric Illuminating Company, each a subsidiary of FirstEnergy Corp., and
Pennsylvania Power, a subsidiary of Ohio Edison Company (all collectively referred to
hereafter "FirstEnergy"), and files its objections (the "Objection") to the *Motion of the
Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 105(a) and 366 (I) Approving
Debtors' Proposed Form of Adequate Assurance of Payment, (II) Establishing
Procedures for Resolving Objections by Utility Companies, and (III) Prohibiting Utilities*

from Altering, Refusing or Discontinuing Service (the “Motion”). By this Objection, FirstEnergy (i) objects to the Debtors’ proposed adequate assurance deposit in the amount two weeks service, calculated on a historical 12 month average, (ii) demands that it be paid a deposit of \$4,090,920.00, which represents six weeks of electricity consumption by the Debtors, and (iii) in the event that the Debtors refuse to pay the requested adequate assurance deposit, demands a hearing on its request for additional adequate assurance within 30 days after the Petition Date, as defined below.

Background

1. On June 1, 2009 (the “Petition Date”), General Motors Corporation and certain of its subsidiaries (each a “Debtor” and collectively the “Debtors”), filed a petition for relief under Title 11 of Chapter 11 of the United States Code (the “Bankruptcy Code”). Pursuant to an Order dated June 1, 2009, the cases are being jointly administered.

2. FirstEnergy is a provider of utility services to a number of the Debtors’ plants and facilities within the States of Ohio and Pennsylvania. Specifically, FirstEnergy provides electricity to locations in the cities of Mansfield, Warren, Ontario, Akron, Parma, Defiance, and Toledo, Ohio, as well as to facilities in Cranberry Township, Pennsylvania (collectively the “Facilities”). Utility consumption at the Facilities as of June 1, 2009 was in excess of \$2.7 million per month.

3. Among the eight Facilities, the Debtors maintain at least twenty-three (23) separate utility accounts (the “Accounts”), and are a party to several substation leases. The Accounts and locations of all Facilities are as follows:

		OHIO EDISON		
Prepetition Acct	Post Petition Acct	Address		One Month Consumption
110012390149	110065145648	2525 W 4th St, Mansfield, OH 44906		\$ 336,936.00
110015143735	110065102565	2200 Hallock Yng SW Rd, Warren, OH 44481		\$ 787,711.00
110015146985	110065089051	2300 Hallock Yng SW Rd, Warren, OH 44481		\$ 5,308.00
110012317159	110065116920	520 Beer Rd, Ontario, OH 44862		\$ 67.00
110012317266	110065116938	2523 W 4th St, Mansfield, OH 44906		\$ 66.00
110015748905	110065116946	7378 Tod Ave SW, Warren, OH 44481		\$ 115.00
110015199109	110065116953	1829 Hallock Young SW Rd, Warren, OH 44482		\$ 188.00
110015246728	110065116961	1829 1/2 Hallock Yng SW Rd, Warren, OH 44482		\$ 40.00
110015749044	110065116979	7300 Tod Ave SW, Warren, OH 44481		\$ 109.00
110061145360	110065116987	202 Montrose W Ave, Akron, OH 44321		\$ 148.00
			TOTAL	\$ 1,130,688.00
		THE ILLUMINATING COMPANY		
Prepetition Acct	Post Petition Acct	Address		One Month Consumption
110022730854	110065161371	5400 Chevrolet Blvd, Parma OH 44130		\$ 236,724.00
110026227972	110065089002	5500 Chevrolet Blvd, Parma OH 44130		\$ 603.00
110025642155	110065117605	Chevrolet Blvd		\$ 882.00
			TOTAL	\$ 238,209.00
		TOLEDO EDISON		
Prepetition Acct	Post Petition Acct	Address		One Month Consumption
110021061194	110065089069	2670 St Rte 281, Defiance, OH 43512		\$1,107,126.00
110018162583	110065089143	1455 W Alexis Rd, Toledo, OH 43623		\$ 249,910.00

110020774417	110065112465	26427 St Rte 281, Defiance, OH 43512		\$ 37.00
110017591402	110065117019	5650 Jackman Rd, Toledo, OH 43613		\$ 164.00
110020896160	110065117001	26993 St Rte 281, Defiance, OH 43512		\$ 171.00
110056473900	110065115013	4444 W Alexis Rd, Toledo OH 43623		\$ 612.00
			TOTAL	\$1,358,020.00
		PENN POWER		
Prepetition Acct	Post Petition Acct	Address		One Month Consumption
110061126923	110065116995	3104 Unionville Rd, Cranberry Twp, PA 16006		\$ 363.00
			TOTAL	\$363.00
			GRAND TOTAL	\$ 2,727,280.00

4. As of the Petition Date, FirstEnergy does not hold a security deposit for any of the Accounts, is not a party to any agreement that secures the payment of the utility service provided to the Debtors, and does not receive prepayment for the utility service provided.

Argument

5. Section 366 of the Bankruptcy Code protects utility companies from unreasonable risk of non-payment post-petition by requiring a debtor to provide adequate assurance in the form of a deposit, as outlined in 11 U.S.C. § 366(c)(1)(A).

6. Although Section 366 does not set a baseline amount for a minimum adequate assurance deposit, it does provide that the proposed deposit must be in an amount acceptable to the utility. *See* 11 U.S.C. § 366.

7. Section 366(c)(2) of the Bankruptcy Code provides, in pertinent part, that a utility “may alter, refuse, or discontinue utility service, if during the 30-day period beginning on the date of the filing of the petition, the utility does not receive from the debtor or the trustee adequate assurance of payment for a utility that is satisfactory to the utility.” 11 U.S.C. § 366(c)(2). The language of Section 366 is such that if the Debtors are unwilling or unable to provide adequate assurance that is satisfactory to FirstEnergy, FirstEnergy is permitted to (1) insist on a satisfactory amount and (2) terminate service to the Debtors if an agreement for adequate assurance is not reached during the first 30 days of the bankruptcy proceedings. *See* 11 U.S.C. § 366(c)(2),(3); *see In re Caldor, Inc.-NY, et al.*, 199 B.R. 1 (Bankr. S.D.N.Y. 1996); *In re New Rochelle Telephone Corp.*, 397 B.R. 633, 639 (Bankr. E.D.N.Y. 2008).

8. In the Motion, the Debtors propose payment of a two week deposit, based on a historical 12 month average. Based on a review of the Debtors’ electricity usage, FirstEnergy estimates that the two week deposit would be approximately \$1.3 million dollars. This deposit is not adequate as FirstEnergy provides electricity to operate all of the Debtors’ facilities in the cities of Mansfield, Warren, Ontario, Akron, Parma, Defiance, and Toledo, Ohio and Cranberry Township, Pennsylvania.

9. Prior to the Petition Date, the Debtors averaged in excess of \$2.7 million dollars per month for electric service on all Accounts at the Facilities. The Debtors’ largest two accounts generate approximately \$1.8 million dollars per month in electricity consumption. The Debtors’ proposed deposit would not be sufficient to cover the consumption for the Debtors’ two largest accounts with FirstEnergy, and would result in

an unreasonable risk of non-payment for post-petition consumption for the Debtors' remaining 21 Accounts.

10. FirstEnergy has reviewed the current consumption rate of the Debtors Facilities. The current combined monthly consumption totals approximately \$681,820.00 per week. FirstEnergy is requesting that the Debtors provide a deposit in the amount of \$4,090,920.00, which is equal to six weeks of consumption.

11. In light of the current posture of the Debtors' Chapter 11 cases, maintenance of the electricity service to Debtors' offices and plants is essential to allow the Debtors to complete their restructuring process. FirstEnergy should not have to bear the risk of non-payment for the electric service provided during this time frame and submits that payment of the deposit is reasonable in relation to the actual weekly consumption of the Debtors, and provides FirstEnergy with adequate assurance of payment for the service consumed by the Debtors post-petition.

Conclusion

WHEREFORE, FirstEnergy respectfully requests that the Court determine that (i) the two-week deposit proposed by the Debtors is not sufficient adequate assurance of payment for the electricity consumed by the Debtors post-petition, (ii) payment of \$4,090,920.00 to FirstEnergy as a deposit for the 23 Accounts of the Debtors is appropriate pursuant to Section 366 of the Bankruptcy Code, and (iii) for such other relief as is just and equitable.

Respectfully submitted,

/s/ Marc B. Merklin

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751325

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing *Objection to the Motion of the Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 105(a) and 366 (I) Approving Debtors' Proposed Form of Adequate Assurance of Payment, (II) Establishing Procedures for Resolving Objections by Utility Companies, and (III) Prohibiting Utilities from Altering, Refusing or Discontinuing Service* was served on this 15th day of June, 2009, via the Court's ECF system on those parties registered to receive notice. The Objection was also served on the 15th day of June, 2009, by overnight mail upon the following parties:

General Motors Corporation
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/s/ Marc B. Merklin

Marc B. Merklin